GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA

UNSTARRED QUESTION NO:4427
ANSWERED ON:21.08.2000
STD LINES FOR PRIVATE SECTOR
SUNIL KHAN

Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the Government propose to open STD lines jointly with private sector;

(b) if so, the details thereof?

(c) the details of tariff share between Government and private owner;

(d) whether the Government`s revenue is likely to be increased thereby;

(e) the reaction of the Government thereto; and

(f) the time by which a final decision is likely to be taken in this regard?

Answer

MINISTER OF STATE FOR COMMUNICATIONS (SHRI TAPAN SIKDAR)

(a) Government has decided to allow private sector entry in providing national long distance field.

(b) As per Annex.

(c) There is no share of tariff between the Government and the private owner.

(d) & (e) Does not arise in view of (c) above.

(f) Government has already announced the guidelines on 13.08.2000.

ANNEX

Details of guidelines for issue of licence for national long distance service

The New Telecom Policy`99 envisaged the opening up of the National long distance service beyond the service area to the private operators. The Government has decided to open the National Long Distance Service without any restriction on the number of operators. Following are the broad guidelines for issue of Licence for National Long Distance Operations (NLDO) in India:

1. The applicant must be an Indian company, registered under the Companies Act`1956.

2. The applicant company shall submit the application in the prescribed Application form.

3. The applicant company can apply only for one licence for NLDO.

4. The licence for NLDO shall be issued on non-exclusive basis, for a period of 20 years, extendable by 10 years at one time, for inter-circle Long Distance operations within the territorial jurisdiction of India.

5. The total foreign equity in the applicant company must not exceed 49% at any time during the entire licence period. Investment in the equity of the applicant company by an NRI / OCB / International funding agencies will be counted towards its foreign equity.In this regard the applicant company shall submit a certificate from the competent authority to the effect that total foreign equity in the applicant company does not exceed 49%.
6. The applicant company shall submit, along with the application, the Roll Out plan indicating the names of Long Distance Charging Areas (LDCAs) in each telecom circle for coverage in four phases including the coverage of uneconomic and remote areas described in Annexure-III. The list of telecom circles, and LDCAs are given in Annex-I and II respectively.

7 The applicant company shall pay one time Entry Fee of Rs 100 crores before the signing of the Licence in the form of Demand Draft/Pay Order payable at New Delhi in favour of Pay & Accounts Officer (Headquarter), Department of Telecomand shall be non-refundable. In addition thereto, four Bank Guarantees (BG) of Rs. 100 crores each shall be given which will be released back on completion of each phase in the manner described below subject to fulfilling the network Roll out obligations by establishing Point of

Presence in LDCAs as specified in Annex-IV:

i. Completion of Phase I Rs.100 Crores
ii. Completion of Phase II Rs.100 Crores
iii. Completion of Phase III Rs.100 Crores
iv. Completion of Phase IV Rs.100 Crores

8. Any shortfall below the percentage of network coverage - Phase I, II , III & IV will result in encashment & forfeiture of the particular BG relatable to that phase. There will be no carry forward of the unfulfilled network obligation from one phase to another.

9. The applicant company shall also submit business plan along with its funding arrangement for financing the project.
10. The applicant company shall make its own arrangements for Right of Way (ROW). However, the Central Government will issue necessary notification on request bringing the NLDO licenseefor the purposes of placing telegraph lines under Part III of the Indian Telegraph Act`1885. Provided that non-availability of the ROW or delay in getting permission / clearance from any agency shall not be construed or taken as an excuse for non-fulfillment of the Roll-out obligations.
11. The applicant company shall have a minimum paid up equity capital of Rs. 250 Crores on the date of the application and shall submit the best proof thereof along with the application for licence.
12. The promoters of applicant company shall have a combined networth of Rs 2500 crores. The networth of only those promoters shall be counted who have at least 10% equity stake in the total equity of the company. Here networth shall mean as the sum total, in Indian rupees, of paid up equity capital and free reserves. While counting Networth the foreign currency shall be converted into Indian Rupees at the prevalent rate indicated by the Reserve Bank of India on the date of the application.
13. The constituent(s) having at least 30% of total equity in the applicant company must have an experience of telecom sector and the proof thereof shall be attached with the Application for licence.
14. In addition to entry fee described above the licence fee in the form of revenue share @ 10% plus prescribed contributions towards the Universal Service Obligation Fund (USO fund) with a total cap of 15% is payable.
15. Provided further that the fee /royalty for the use of spectrum and possession of wireless telegraphy equipment shall be separately payable as per the details and prescription of Wireless Planning & Coordination Wing.The fee/royalty for the user spectrum /possession of wireless telegraphy equipment depends upon various factors such as frequency, hop and link length, area of operation etc.
16. The applicant company shall submit Financial Bank Guarantee (FBG) of Rs. 20 croresone year after the date of signing the licence agreement or before the commencement of service whichever is earlier in the prescribed Proforma given in the Licence Agreement. Initially, FBG shall be valid for a period of six months and shall be renewed from time to time for such amount as may be directed by the Central Government.
17. The dues/fees/royalties for the use of spectrum/possession of Wireless Telegraphy equipment shall be separately securitised by furnishing FBG of equal amount valid for a period of one year renewable from time to time till final clearance of all such dues.
18. Change in the name of the applicant company or the licensee, as the case may be, shall be permitted in accordance with the provisions under the Companies Act, 1956.
19. The application shall be decided, so far as practicable, within 15 days of the submission of the application and the applicant company shall be informed accordingly. In case the applicant is found to be eligible for grant of licence for NLDO, the applicant shall be required to deposit Entry Fee and submit Bank Guarantees / other documents and sign the licence agreement immediately within a period of three months from the date of issue of the letter failing which it will presumed that the applicant is no longer interested and the application will stand rejected.
20. In case the applicant is found to be not eligible for the grant of licence for NLDO, the applicant shall be informed accordingly, whereafter he can file a fresh application removing the deficiencies.
21. The NLD Servicerefers to the carriage of switched bearer telecommunications service over a long distance and NLDO licencee will have a right to carry inter circle traffic excluding intra -circle traffic except where such carriage is with mutual agreement with fixed service provider in accordance with their mutually agreed terms. NLDOs can make mutually agreed arrangements with FSPs for picking up the traffic for the leg between Long Distance Charging Centre (LDCC) and Short Distance Charging Centres (SDCCs).
22. NLDO shall be required to make own suitable arrangements / agreements for leased lines with the Access Providers for last mile.
23. Licences will be issued without any restriction on the number of entrants for NLD service.
24. Interconnection between the networks of different service providers shall be as per national standards of CCS No.7 issued from time to time by Telecom Engineering Center (TEC).
25. The NLDO Licensee may enter into suitable arrangements with other service providers to negotiate Interconnection Agreements whereby the interconnected networks will provide the following :

(a) To connect, and keep connected, to their Applicable Systems,

(b) To establish and maintain such one or more Points of Interconnect as are reasonably required and are of sufficient capacity and in sufficient numbers to enable transmission and reception of the messages by means of the Applicable Systems,

(c) To meet all reasonable demand for the transmission and reception of messages between the interconnected systems.

26. The terms and conditions of interconnection including standard interfaces, points of interconnection and technical aspects will be such as mutually agreed between the service providers.
27. The NLDO Licensee shall for the purpose of providing the service install own equipment so as to be compatible with other service/ Access providers` equipment to which the NLDO licensee`s Applicable Systems are intended for interconnection.
28. The NLDO Licensee shall comply with any direction on interconnection regulations issued by the TRAI under TRAI Act, 1997.
29. The NLDO Licensee shall operate and maintain the licensed Network conforming to Quality of Service standards to be mutually agreed between the service providers in respect of Network-Network Interface.
30. The charges for access or interconnection with other networks shall be based on mutual agreements between the service

providers subject to the restrictions issued from time to time by TRAI under TRAI Act, 1997.

31. The network resources including the cost of upgrading / modifying interconnecting networks to meet the service requirements of National Long Distance service will be per mutually negotiated sharing arrangements between the service providers.

32. It shall be mandatory for fixed service providers, cellular mobile service providers, cable service providers, to provide interconnection to NLD service providers whereby the subscribers could have a free choice to make inter-circle/international long distance calls through NLD service provider.

33. The applicant company shall pay a processing fee along with the application of Rs. 15,000/- in the form of Demand Draft/Pay Order payable at New Delhi in the name of Pay & Accounts Officer (Headquarter)DOT and the same shall not be refunded for any reason whatsoever.

34. The application is to be submitted to the Section Officer , BS-I, Department of Telecommunications, Room No.1119, Sanchar Bhavan, , 20 Ashok Road, New Delhi-110 001.